



# House of Representatives

General Assembly

**File No. 459**

February Session, 2016

Substitute House Bill No. 5257

*House of Representatives, April 5, 2016*

The Committee on Human Services reported through REP. ABERCROMBIE of the 83rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING MEDICAID PROVIDER AUDITS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 17b-99 of the 2016 supplement to  
2 the general statutes is amended by adding subdivision (12) as follows  
3 (*Effective July 1, 2016*):

4 (NEW) (12) Not later than July 1, 2017, the Commissioner of Social  
5 Services shall report, in accordance with the provisions of section 11-  
6 4a, to the joint standing committee of the General Assembly having  
7 cognizance of matters relating to human services on: (1) The  
8 percentage of providers subject to extrapolation in Medicaid audits  
9 that were conducted from July 1, 2015, to June 30, 2016, inclusive, (2)  
10 the amount of overpayments discovered in such Medicaid audits, and  
11 (3) any increases or reductions in the use of extrapolation and  
12 overpayment discoveries from July 1, 2015, to June 30, 2016, inclusive,  
13 as compared to July 1, 2014, to June 30, 2015, inclusive.

14 Sec. 2. Subsection (f) of section 17b-99a of the general statutes is  
15 repealed and the following is substituted in lieu thereof (*Effective July*  
16 *1, 2016*):

17 (f) The commissioner shall produce a preliminary written report  
18 concerning any audit conducted pursuant to this section and such  
19 preliminary report shall be provided to the facility that was the subject  
20 of the audit not later than sixty days after the conclusion of such audit.  
21 The commissioner shall provide in such report a clear and objective  
22 rationale for any cost disallowance or finding of costs not deemed to be  
23 reasonable and shall cite the specific statute or regulation pursuant to  
24 which such disallowance or finding has been determined. The  
25 commissioner shall apply only statutes or regulations specific to the  
26 type of program or facility being audited and shall apply Medicare  
27 audit rules in the absence of applicable state regulations. The  
28 commissioner shall not disallow any costs without citing applicable  
29 statutes, regulations or Medicare audit rules and providing a clear,  
30 written explanation of the objective application of such statutes,  
31 regulations or Medicare audit rules.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2016</i>	17b-99(d)
Sec. 2	<i>July 1, 2016</i>	17b-99a(f)

**HS**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Social Services, Dept.	GF - See Below	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None**Explanation**

The bill makes changes to how the Department of Social Services (DSS) reports to certain long term care facilities regarding cost disallowances or unreasonable costs found during audits. The bill specifies the audit rules that shall be applied for such findings, and prohibits DSS from disallowing any costs without proper citation and explanation, which could impact revenues generated from such audits should the department not be able to comply with the bill's provisions. In addition, to the extent the additional reporting requirements cannot be met with existing staff, DSS could experience costs associated with additional personnel.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to revenues generated from applicable audits and resources associated with related reporting.

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**OLR Bill Analysis****sHB 5257*****AN ACT CONCERNING MEDICAID PROVIDER AUDITS.*****SUMMARY:**

By law, the Department of Social Services (DSS) commissioner must (1) produce a preliminary written report concerning any audit of a long term care facility and (2) provide the report to the audited facility within 60 days of the audit's conclusion.

This bill requires the commissioner to include in the report a clear and objective rationale for cost disallowances or findings that costs were not reasonable. He must (1) cite the specific statute or regulation under which the disallowances or findings were determined, (2) only apply statutes or regulations specific to the type of program or facility being audited, and (3) apply Medicare audit rules if there are no applicable state regulations. (It appears that the commissioner must apply the Medicare audit rules if there are applicable state statutes without corresponding regulations.)

The bill prohibits the commissioner from disallowing any costs without citing applicable statutes, regulations, or Medicare audit rules and providing a clear, written explanation of their objective application.

The bill also requires the DSS commissioner, by July 1, 2017, to report to the Human Services Committee on:

1. the percentage of providers subject to extrapolation in Medicaid audits (i.e., projecting the total value of submitted claims based on a sample of the claims) during FY 16,
2. the amount of overpayments discovered in such audits, and

3. any increases or reductions in the use of extrapolation and overpayment discoveries in FY 16 compared to FY 15.

EFFECTIVE DATE: July 1, 2016

**COMMITTEE ACTION**

Human Services Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/17/2016)